

# OPEN

# MINUTE ITEM

# ATTACHMENTS

Ordinary meeting of the  
**Urban Development Subcommittee**  
*Te Kōmiti Āpiti, Whakahou Taone*

Tuesday 28 June 2022  
Commencing at 9.00a.m.  
via Zoom

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## Item 4.1: William Samuels - NCC establishing an Urban Development Agency: Attachment 1



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**To: Nelson City Council**  
Civic House  
110 Trafalgar Street  
PO Box 645  
Nelson, 7040

**Re: Nelson-Tasman Urban Development Agency (NT-UDA)**

### SUMMARY

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We request Nelson City Council pass a resolution to **“investigate and report on the feasibility of developing a combined Nelson-Tasman Urban Development Agency [UDA] to actively address the housing and urban regeneration needs within our region.”**

It is understood that an Urban Development Authority has previously been suggested by Council officers to the Urban Development Subcommittee in March 2021<sup>1</sup> as one of a range of options to actively increase the supply of affordable housing within the region, however this option was not pursued due to the perceived costs associated with establishing this agency. We urge the subcommittee to reconsider this approach and suggest exploring the possibility of utilising the **Nelson Housing Reserve** to provide part of the initial operational and seed funding for the agency.

### KEY POINTS

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- We propose that Nelson City Council [**NCC**] and Tasman District Council [**TDC**] establish a joint Urban Development Agency [**UDA**]
- The agency would play an active role in the region's housing and urban development market to facilitate quality intensification, establish liveable, vibrant communities and oversee the provision of more diverse and affordable housing options
- The structure of the agency would be established by a feasibility study, however we suggest that a Council Controlled Organisation [**CCO**] could be an appropriate format
- The UDA would target a self sustaining financial structure, with costs being covered by the income gained through property value uplift and land sales
- **The Nelson Housing Reserve**, established to fund affordable housing within the region, could be a suitable funding avenue to provide the initial outlay to establish the agency

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<sup>1</sup> Nelson City Council's Urban Development Subcommittee Agenda, Tuesday 2nd March 2021

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## BACKGROUND

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The Nelson Tasman region is facing crises on multiple fronts, including;

- The least affordable housing in New Zealand after Auckland<sup>2</sup>
- Limited housing diversity, particularly for our changing demographics
- Continued suburban sprawl, resulting in loss of productive land, an overreliance on private vehicles and a high carbon footprint
- Changes in retail and commercial office space demand, resulting in declining and underutilised commercial precincts.
- Neglected urban areas dominated by cars, leading to unsafe, unliveable cities
- Fractured communities as a result of ongoing sprawl and inappropriate infrastructure
- Limited incentive for landowners and developers to undertake quality intensification within our existing urban areas
- A lack of local examples of well designed medium density housing and mixed use development

The approach to housing and urban development currently taken by Council is a passive one. As noted in the 2020 Nelson Intensification Action Plan, "Council currently has limited control over increasing the supply of housing" and instead "...provides an enabling environment that supports landowners to redevelop their land to meet demand."<sup>3</sup>

This approach, of Councils acting in a purely regulatory capacity and leaving tangible outcomes to the market, is clearly not working. Rather than consolidating growth in our urban areas, promoting liveable cities, providing a range of housing options and reducing greenhouse gas emissions (as mandated by the NPS-UD), we see a continuation of suburban sprawl and a lack of accessible, affordable dwellings.

*"We have not been good at building complete, diverse communities that provide choices about dwelling size, tenure and typology, and which allow people and families in all life situations to have similar access to opportunity."*<sup>4</sup>

If our Councils are committed to the future liveability and prosperity of our region then significant steps are required to actively address these issues. Without direct intervention it is unlikely that the market will adequately provide for our housing and urban regeneration needs, as a 'business as usual' approach would simply result in the perpetuation and exacerbation of the same critical issues that we currently face.

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<sup>2</sup> The Nelson Tasman Joint Monitoring Report, 2021

<sup>3</sup> Nelson City Council Intensification Action Plan, September 2020

<sup>4</sup> Cabinet paper, Hon. Phil Twyford, Minister of Housing and Urban Development, 2017

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### PROPOSAL

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We propose the establishment of a joint **Nelson Tasman Urban Development Agency** to play an active role in the region's housing and urban development market to facilitate quality intensification, establish liveable, vibrant communities and oversee the provision of more diverse and affordable housing options.

Regional urban development agencies are a proven tool for facilitating urban regeneration and are used in other regions in Aotearoa New Zealand such as *Eke Panuku* in Auckland. UDAs vary throughout the world and there is no set blueprint for how they operate, so there is much scope for tailoring an agency to best meet the needs of our community.

We see the primary purpose of a Nelson Tasman UDA as being to unlock development potential in our urban areas that will meet Council objectives on urban renewal, housing delivery, affordable housing and economic development. This will be in coordination with private partners, iwi, community housing providers and central government agencies such as Kainga Ora where relevant. The type of activities it would undertake include:

- **Lead and coordinate precinct regeneration** – Work with all stakeholders to prepare a forecast pipeline of urban development opportunities to deliver the LTP. This pipeline will provide confidence to investors and the broader community, and will enable efficient transport and infrastructure planning and coordination of construction activities to minimise disruption (e.g. staging of any temporary parking arrangements). This pipeline should include private, UDA, and joint venture opportunities at a range of scales and urban land uses.
- **Undertake masterplanning & neighbourhood level spatial plans** – undertake preliminary technical studies and create long term aspirational visions to guide both public and private sector outcomes.
- **De-risk and prepare land for development** – complete due diligence reports, subdivisions and amalgamations, demolition, remediation and infrastructure works to prepare land for development in accordance with masterplans. Create development design briefs, procure partners and undertake other coordinating actions to deliver urban regeneration in key parts of our towns and cities.
- **Increase supply of affordable and community-focused housing** – support delivery of new medium density, mixed tenure, and affordable housing in strategic locations. Housing should be diverse with a variety of typologies, sizes and styles and tenures to suit the various needs of our communities.
- **Catalyse the market through exemplar projects** – conceptualise and lead delivery of demonstration projects to catalyse the market in support of Council objectives (eg quality mixed use development, medium density affordable housing, high quality urban design, low carbon buildings).
- **Optimise development outcomes on strategic sites** – intervene and take a leadership role in strategically important sites where the market has failed to produce positive built outcomes, such as key locations within the CBD.
- **Community development and city activation** – work with other stakeholders (e.g. NCC/ TDC, local businesses, and the community sector) to lead and support a programme of community development activities that will activate precincts, facilitate the development of new urban communities, and encourage broad participation in the renewal process.

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Whilst this requires Council to be an active player in the development sector, one of the main aims of the UDA would be to facilitate stronger partnerships with the development industry so that the private market can undertake critical projects. I.e, the UDA should work to harness the abilities of the private sector rather than compete against it.

By utilising public-sector tools and finances a Nelson Tasman UDA can bridge the gap where otherwise there is market failure. Unlike profit-driven commercial developers, Councils have a mandate to take into consideration much more holistic ideas such as the fostering of communities, greenspace, neighbourhood character, the mix of housing typologies and affordability. Through taking an active role in planning and facilitating development NCC & TDC can ensure that these non-commercial considerations are accommodated in future projects. The benefits can be measured both financially (i.e. public profit) and in terms of social and economic outcomes.

The use of regional UDAs has been widely studied, and was supported by the Productivity Commission in a report which noted, among other advantages:

- *"the potential for UDAs, as the owners or regulators of the land, to attach conditions to its final use to achieve social objectives (eg, greater provision of lower-cost housing);*
- *greater scope to manage urban renewal, so that processes of change proceed in a co-ordinated manner; and*
- *an enhanced ability, as the owners of amalgamated or renewed land, to capture "some of the uplift in land value that accrues from redevelopment for community use"*<sup>5</sup>

It is worth noting that in the recently released Nelson Tasman Future Development Strategy 2022-2052, a very low uptake in brownfield development was allowed for (15%), leading to the provision of large amounts of greenfield land for future housing. However, as long as 'easy' greenfield development is available, the development industry will lack the incentive to undertake higher risk brownfield development. One of the key tasks of the UDA is therefore 'de-risking' the brownfield sites and providing incentives for their development.

### STRUCTURE

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The appropriate structure and operation of the agency would need to be determined by Council following a feasibility study, however we suggest that a Council Controlled Organisation [CCO] may be a suitable format. A CCO could provide operational efficiency, dedicated delivery and focussed leadership while still remaining accountable to residents and ratepayers. The quasi-independent structure ensures the agency remains task focussed rather than being influenced by ever changing priorities of the Council body. Additionally, due to a poor public perception of our Council's track record of project delivery, a CCO could be seen as a separate entity from Council to ensure public support for the venture.

Regardless of the structure, we suggest the UDA needs to make use of talented individuals with experience in the private development sector, design, urban planning and housing provision. Maintaining an arms length distance from Council may create the best conditions to attract the right talent for these roles.

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<sup>5</sup> Using Land for Housing Inquiry, New Zealand Productivity Commission, 2015

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### POTENTIAL FUNDING OPTIONS

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Operated effectively, a successful regional UDA should be capable of operating in a self-sustaining manner, with costs being primarily covered by the income gained through property value uplift, land sales and an associated increase in rates base. However, in the initial stages operational and seed funding will be required to support its activities and build its operations to a point where it can be self-funding.

We suggest exploring the use of the **Nelson Housing Reserve** to provide part of this seed funding. This funding pool, currently with \$10m in assets, is intended to be used to support the provision of long term affordable housing within the region. By funding the establishment of an entity that is mandated to provide affordable housing, Council can ensure that the housing reserve provides a continual supply of affordable housing, rather than simply funding a few one-off projects. Further funding could come from central government (such as HUD) or from the LTP as required.

It is worth noting that NCC & TDC have access to the Local Government Funding Agency (**LGFA**) to provide the lending required to fund necessary land purchases and infrastructure investment. Plus, there is the option of partnering with central government entities such as Kainga Ora to access a much larger funding pool. This puts a UDA at a distinct advantage to commercial developers, who are typically limited to borrowing from mainstream lending institutions which can present a barrier to projects which might prioritise affordability or liveability outcomes over profitability.

Additionally, larger scale, transformative projects that may otherwise present too much of a risk for a mainstream lender can have the groundwork completed by the UDA to reduce those risk factors. By undertaking due diligence studies, strategic planning, infrastructure provision, property amalgamation and development design briefing, a UDA can then set the conditions for private industry to take over project delivery. Successful UDAs intervene strategically and can attract several dollars in private investment for every dollar spent.

*"VicUrban is a recent example of the increasing trend for [UDA] activities to be directed toward infill [brownfield] developments. In these developments, some of the projects are so complex and high risk that they are unable to attract private sector interest at least in the early stages of development. As a result, many [UDA]s work to reduce the complexity of projects (for example, by remedying issues such as fragmented land holdings) ... and 'derisk' development sites (for example, restore contaminated soil) to a level where it is feasible for private sector developers to subsequently complete projects."<sup>6</sup>*

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<sup>6</sup> Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments, Productivity Commission Research Report, April 2011

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### WHY A REGIONAL UDA?

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In 2020 the Central Government passed the Urban Development Act which effectively made Kainga Ora [KO] into a 'national Urban Development Agency,' and vested within the entity a range of development powers, such as compulsory acquisition. Part of KO's mandate is to undertake urban redevelopment and housing supply.

However the focus for Kainga Ora & the Ministry of Housing and Urban Development [HUD] has been, understandably, on our major cities. The recently issued GPS-HUD<sup>7</sup> has a map showing the parts of New Zealand that HUD and Kāinga Ora are prioritising effort and investment in and the Nelson Tasman region, despite being the second least affordable region in the country, is noticeably absent. Our smaller regional towns and cities are grappling with the same issues of housing affordability and poor quality urban spaces as the major cities. While KO has a role to play, we need local leadership that takes into account our unique needs and aspirations and is able to make an immediate, targeted impact in our community.

Additionally, KO's primary focus is on the supply of public housing, rather than holistic urban development at a regional level. A Nelson Tasman UDA could be a lot more agile and community focused, undertaking projects that are more directly aligned to our collective vision for our towns and cities. It can also take on projects which, due to scale, aspirational intent or outcome, are misaligned with KO's focus. For example developments that could be critical to the implementation of local Council's long term planning strategies might not be within the scope of KO's mandate.

Furthermore, and most importantly, it allows our community to take ownership of the future of our region. The critical projects that we must engage with to facilitate the positive outcomes we need can be undertaken as required, when required. These are local issues that we face, and we need local leadership to address them.

Instead, we suggest that the approach for a Nelson Tasman Urban Development Agency would be to selectively partner with Kainga Ora and Central Government on significant projects where appropriate to harness the various powers associated with those entities to collectively develop transformative outcomes. As noted by NCC's officers;

*"While UDAs based in New Zealand do not have special development powers they are well-positioned to partner with Kāinga Ora who can facilitate larger more complex projects, or progress projects in other ways. For example, Kāinga Ora could use its compulsory acquisition powers to consolidate properties within a development precinct and the UDA could leverage the acquisitions to attract development partners. UDAs can retain a relatively high degree of control over the housing and urban outcomes within a development precinct while relying on partnerships for delivery."<sup>8</sup>*

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<sup>7</sup> Government Policy Statement on Housing and Urban Development, September 2021

<sup>8</sup> Nelson City Council's Urban Development Subcommittee Agenda, Tuesday 2nd March 2021



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### CONCLUSION

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The housing and urban development crisis faced by the Nelson Tasman region is complex and multifaceted, and will take a range of policies and measures to address. Some of these, such as RMA processes, are already within Council's control. However, if the future of our region is going to have homes for all needs, that are affordable, liveable and aligned with the principles of Quality Intensification, then Council needs to adopt an active approach to housing supply.

A UDA is a proven tool in Aotearoa and overseas that our Councils could use to take the lead in addressing this critical issue, whilst also contributing to better urban environments and more liveable cities.

Accordingly, we request that NCC & TDC produce a report on the feasibility of establishing a joint Urban Development Agency and, should it be assessed as a viable option to actively increase housing supply and urban development, undertake immediate steps to implement this agency.

### REFERENCES

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- *ER20 The case for urban development authorities in New Zealand*, BRANZ, December 2016
- *Using Land for Housing Inquiry*, New Zealand Productivity Commission, 2015
- *Options for increasing housing supply*, Document number R22552, Nelson City Council, March 2021
- *Government Policy Statement on Housing and Urban Development*, September 2021
- *Urban Development Subcommittee Agenda*, Nelson City Council, Tuesday 2nd March 2021
- *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments*, Australian Productivity Commission Research Report, April 2011
- *Cabinet paper*, Hon. Phil Twyford, Minister of Housing and Urban Development, 2017
- *Nelson City Council Intensification Action Plan*, September 2020
- *The Nelson Tasman Joint Monitoring Report*, 2021
- *An Urban Development Agency for Wellington City*, Wellington City Council, March 2016
- *Is it time to rethink the role of Councils in shaping our cities?* Stuff.co.nz, April 9th, 2022

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### ABOUT US

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This is a joint submission by **NelsonTasman2050**, a multi-disciplinary collective of concerned practitioners and professionals who care about the future of our built environment in the Nelson Tasman region. We have raised public awareness by publishing articles in nationwide and local media and contributed to this submission as individual community members. Currently, Timo Neubauer, Magdalena Garbarczyk, William Samuels and Jan Heijs are the active members of NelsonTasman2050 and have collectively prepared this submission.

**Timo Neubauer** is an experienced urban designer with an array of international and domestic experience, including the completion of the Urban Design Framework for Auckland Transport's City Rail Link, potentially New Zealand's largest investment in public transport in the last five decades.

**Magdalena Garbarczyk** is a director at Fineline Architecture, a Nelson-based practice focused on making architecture more inclusive, environmental and affordable. Magda has also been a lecturer and researcher and published research on environmental awareness strategies in education and practice. As a trained regenerative practitioner, she has been engaging in urban scale multi-disciplinary projects nationwide.

**William Samuels** is an architect and director of a Nelson-based architectural practice. His practice explores alternative housing typologies and innovative approaches to achieving high quality, liveable and affordable environments. Amongst his areas of expertise is the design of compact well functioning homes. William is also the chair of the Nelson Marlborough branch of *Te Kāhui Whaihangā* (New Zealand Institute of Architects).

**Jan Heijs** is a civil engineer. Jan has worked in and for local government for more than 40 years in New Zealand and overseas. His main areas of expertise are related to stormwater and wastewater management, the effects on the environment and strategy development. As part of this, Jan has been involved in many multidisciplinary planning processes. Jan has also been a hearing commissioner.

Item 4.2: Councillor Matt Lawrey, Pierre Hammond and Ursula Bowman - A concept and Design for creating housing in the airspace above our central city carparks:  
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